

Office of Legislative Administration

**For the Period
July 1, 1993, through June 30, 1999**

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
Nashville, Tennessee 37243-0260
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John G. Morgan
Comptroller

December 29, 2000

The Honorable John S. Wilder
Speaker of the Senate
and
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Ms. Connie Frederick, Executive Director
Office of Legislative Administration
War Memorial Building
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Office of Legislative Administration for the period July 1, 1993, through June 30, 1999.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Office of Legislative Administration's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Office of Legislative Administration is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. The office's administration has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving the office's internal controls and/or instances of noncompliance to the Office of Legislative Administration's management in a separate letter.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/cj
00/095

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Office of Legislative Administration
For the Period July 1, 1993, through June 30, 1999

AUDIT SCOPE

We have audited the Office of Legislative Administration for the period July 1, 1993, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of equipment and policies and procedures. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT FINDINGS

Written Accounting Policies and Procedures Not Fully Established and Approved*

The executive director did not ensure that written accounting policies and procedures addressing all accounting functions were developed and approved by the Joint Legislative Services Committee (page 5).

No Written Policies and Procedures for the Legislative Computer System*

The office has not developed written policies and procedures for computer functions (page 6).

*This finding is repeated from prior audits.

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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Audit Report
Office of Legislative Administration
For the Period July 1, 1993, through June 30, 1999

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Office of Legislative Administration

For the Period July 1, 1993, through June 30, 1999

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Office of Legislative Administration. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

The Office of Legislative Administration was created to account for the expenditures and revenues of the General Assembly and its committees, commissions, and support agencies, except for the Fiscal Review Committee. Accounting divisions are added and deleted through enabling legislation when committees, commissions, and other agencies are created or terminated.

Section 3-10-101, *Tennessee Code Annotated*, created the Joint Legislative Services Committee and named the Speaker of the Senate and the Speaker of the House as co-chairmen. Section 3-10-104 made the committee responsible for “recommendations on management, policies, and procedures to be employed in providing services to the general assembly or either house thereof.” The following agencies were created by the statute and placed under the jurisdiction of the Joint Legislative Services Committee: the Office of Legislative Services, the Office of Legal Services, the Office of Legislative Administration, and the Office of Legislative Information Systems. The Office of Legislative Administration is the designated fiscal office for all legislative accounting divisions, except the Fiscal Review Committee, and administers the accounts of the Joint Legislative Services Committee.

To assist the Joint Legislative Services Committee with its responsibilities to the General Assembly, the Offices of Legislative Administration, Legislative Services, Legal Services, and Legislative Information Systems were created as subordinates to the committee. The committee’s responsibility for administration of the legislative allotment codes is carried out through the Office of Legislative Administration, which is designed to “succeed to all functions of legislative

administration or budgeting heretofore performed by the office of the comptroller of the treasury.” The basic functions of the Joint Legislative Services Committee and its subordinate offices are summarized below.

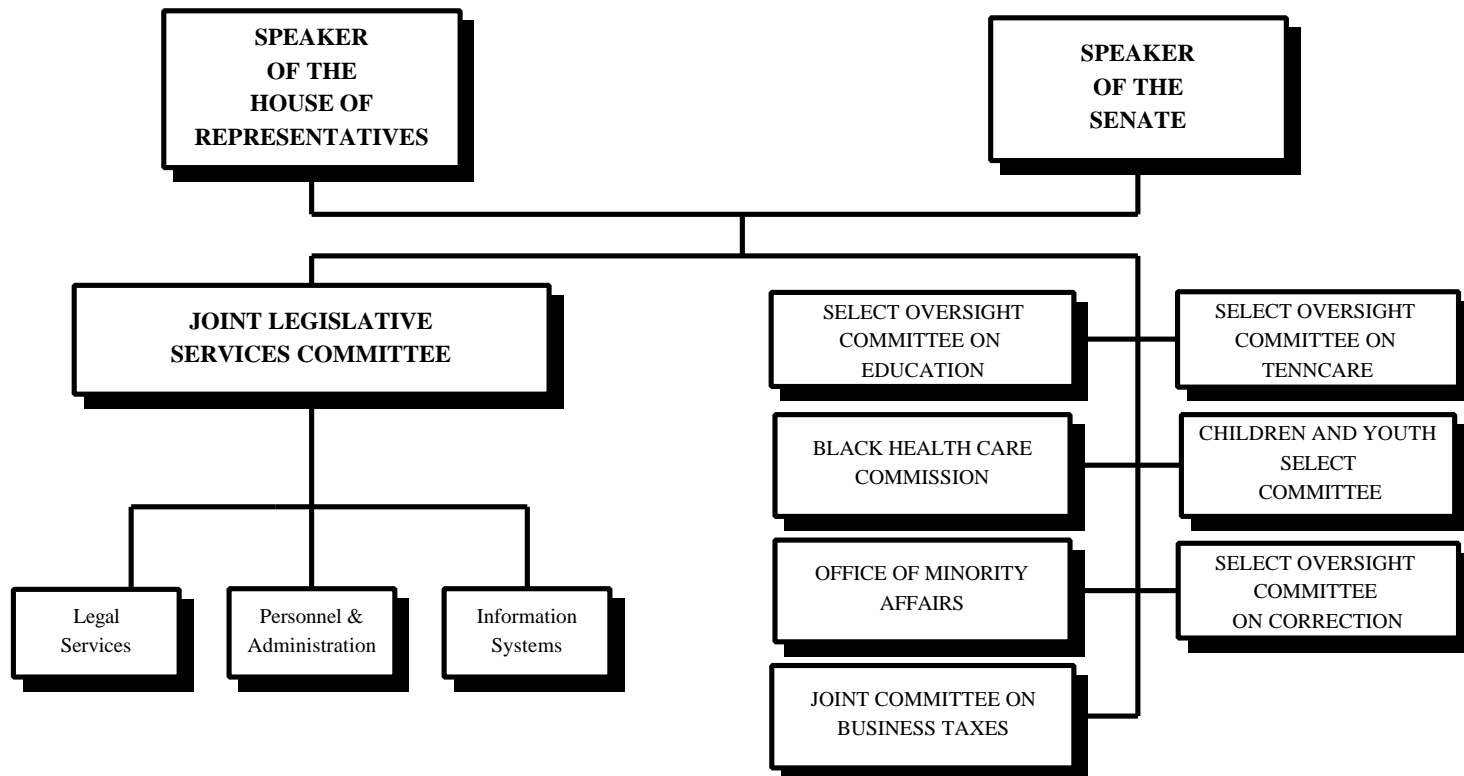
1. The committee makes recommendations on management practices, policies, and procedures to be used in providing services to the General Assembly.
2. The committee, through the Office of Legislative Services, conducts research and collects, summarizes, indexes, and distributes information relating to legislation and legislative policies or problems.
3. The Office of Legislative Services arranges to print, distribute, and sell copies of proposed legislation, amendments, legislative acts, reports, or publications other than those prepared by the clerks of the House and Senate.
4. The committee, through the Office of Legal Services, provides the General Assembly with reviews and opinions on existing or proposed legislation.
5. The Office of Legal Services maintains a legislative reference and law library for the use and information of the General Assembly.
6. The committee, through the Office of Legislative Administration, provides for budget and fiscal operations and legislative administration for the General Assembly, its standing and special committees, and its support agencies.
7. The Office of Legislative Information Systems provides systems management, systems administration, systems analysis, user support, and user training for the legislative computer network.

An organization chart of the office is on the following page.

AUDIT SCOPE

We have audited the Office of Legislative Administration for the period July 1, 1993, through June 30, 1999. Our audit scope included a review of management’s controls and compliance with policies, procedures, laws, and regulations in the areas of equipment and policies and procedures. The audit was conducted in accordance with generally accepted government auditing standards.

OFFICE OF LEGISLATIVE ADMINISTRATION



PRIOR AUDIT FINDINGS

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Office of Legislative Administration filed its report with the Department of Audit on March 31, 1995. A follow-up of all prior audit findings was conducted as part of the current audit.

REPEATED AUDIT FINDINGS

The prior audit report contained findings concerning the lack of written accounting and information systems policies and procedures. These findings have not been resolved and are repeated in the applicable sections of this report.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

EQUIPMENT

Our objective was to determine whether previously noted weaknesses regarding lost equipment and the accuracy of information on the Property of the State of Tennessee (POST) system had been resolved.

We interviewed key personnel to gain an understanding of the office's procedures and controls over equipment. Nonstatistical samples of equipment items were tested to determine whether equipment was properly recorded on POST and whether equipment could be located. We also reviewed equipment reported to the Comptroller's office as lost or stolen to determine whether the reports were done in a timely manner and whether the equipment was deleted from POST. Based on our interviews and testwork, we determined that equipment was properly recorded on POST, equipment could be located, lost or stolen equipment was deleted from POST, and lost or stolen equipment was reported to the Comptroller's office in a timely manner.

POLICIES AND PROCEDURES

Our objective was to determine whether prior audit findings related to policies and procedures had been resolved.

We interviewed key personnel and reviewed current policies and procedures. Our review and testwork disclosed that accounting policies and procedures are being revised, and in some cases, are still being developed. Although the office has been following certain policies and procedures developed in prior years, these policies and procedures were never formally approved by the Joint Legislative Services Committee. In addition, written policies and procedures governing the legislative computer system have not been established. See findings 1 and 2 for further details.

1. Written accounting policies and procedures not fully established and approved

Finding

As noted in six previous audits, the Office of Legislative Administration does not have complete and approved guidelines that address routine accounting functions. In response to the previous audit finding, the executive director concurred and stated that she would develop and complete guidelines for adoption by the Joint Legislative Services Committee which complement existing policies and procedures issued by the Department of Finance and Administration.

However, as of this audit, the executive director is still in the process of revising and updating these procedures and still has not been able to submit the finalized policies and procedures for approval.

The responsibility for setting policies and procedures belongs to the Joint Legislative Services Committee, according to Section 3-10-104, *Tennessee Code Annotated*, which states, “The committee shall make recommendations on management, policies, and procedures to be employed in providing services to the general assembly or either house thereof. . . . Recommendations which concern the general assembly as a whole shall be approved by a majority of the committee and by both speakers.”

Recommendation

The executive director should complete the revision and development of all accounting policies and procedures and present them to the Joint Legislative Services Committee for approval.

Management’s Comment

The Joint Legislative Services Committee has not adopted a complete written accounting policies and procedures manual. The Office of Legislative Administration follows written accounting policies and procedures issued by the Department of Finance and Administration. The Director will continue to prepare complete guidelines for adoption by the Joint Legislative

Services Committee which will compliment existing policies and procedures issued by the Department of Finance and Administration.

2. No written policies and procedures for the legislative computer system

Finding

As noted in three previous audits, the Joint Legislative Services Committee has not required the Office of Legislative Information Systems (LIS) to establish written policies and procedures for the legislative computer system. The executive director concurred with the prior finding and stated that policies and procedures would be prepared and submitted for adoption by the Joint Legislative Services Committee. However, management has not established these policies and procedures.

Section 3-16-103, *Tennessee Code Annotated*, states that the Joint Legislative Services Committee through LIS is to “control, operate, and maintain the legislative computer system and the use of electronic data processing equipment in the legislative branch . . . [and is to] adopt policies, procedures, and guidelines for such system.” Written policies and procedures are necessary to ensure that changes to programs, development of system applications, and physical security are in accordance with management’s intentions.

Without these policies and procedures, the Office of Legislative Information Systems does not have sufficient guidance to effectively control, operate, and maintain the system.

Recommendation

The executive director should ensure that LIS develops appropriate policies and procedures for the efficient and effective control, operation, and maintenance of the legislative computer system. The executive director should present these policies and procedures to the Joint Legislative Services Committee for approval.

Management’s Comment

The Joint Legislative Services Committee has not adopted a complete policies and procedures manual governing the legislative computer system and use of electronic data processing equipment. The Director of the Office of Legislative Information Services has prepared and received approval for policies which address the Legislative Outlook (e-mail) System and Internet usage which has been distributed to all Members of the General Assembly and Staff.

The Director of the Office of Legislative Information Services will continue the preparation of additional policies and procedures governing the legislative computer system for adoption by the Joint Legislative Services Committee.

The Joint Legislative Services Committee has not adopted a complete written accounting policies and procedures manual. The Office of Legislative Administration follows written accounting policies and procedures issued by the Department of Finance and Administration. The Director will continue to prepare complete guidelines for adoption by the Joint Legislative Services Committee which will compliment existing policies and procedures issued by the Department of Finance and Administration.

APPENDIX

DIVISIONS AND ALLOTMENT CODES

Office of Legislative Administration divisions and allotment codes:

301.01	Legislative Administration Services
301.07	House of Representatives
301.08	State Senate
301.13 01	Select Oversight Committee on Correction
301.13 02	Select Committee on Children and Youth
301.13 03	TNCARE
301.13 04	Black Health Care Commission
301.16 01	Office of Legal Services
301.16 02	Library
301.16 03	Office of Legislative Services
301.16 04	Minority Affairs
301.16 05	Legislative Budget Analysis
301.16 06	Broadcast Officers
301.17	Tennessee Code Commission
301.30	Southern Legislators Conference